

UNITED STATES MARINE CORPS
Financial Management School
Marine Corps Combat Service Support Schools
PSC Box 20041
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FBTC 0209
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STUDENT OUTLINE

PROCESS EXPENDITURES AND COLLECTIONS
TRANSACTIONS

LEARNING OBJECTIVES:

1. TERMINAL LEARNING OBJECTIVE: Given the requirement to prepare an expenditure/collection source document and the references, prepare an expenditure/collection source document for certification and payment in accordance with the DoD FMR. (3451.02.08)

2. ENABLING LEARNING OBJECTIVES:

(a) Without the aid of references and given written questions, describe the purpose of the Expenditure and Collections process in accordance with the SABRS Users Manual. (3451.02.08e)

(b) Without the aid of references and given written questions, describe the type of disbursements processed in the Expenditure and Collection process in accordance with the SABRS Users Manual. (3451.02.08f)

(c) Without the aid of references and given written questions, identify the external systems from which liquidations are received and processed in accordance with the SABRS Users Manual. (3451.02.08g)

(d) Without the aid of references and given written questions, match source documents to register numbers in accordance with the SABRS Users Manual. (3451.02.08h)

(e) Without the aid of references and given written questions, describe the process a liquidation takes upon

entering the Expenditures and Collections Process in accordance with the SABRS Users Manual. (3451.02.08i)

(f) Without the aid of references and given written questions, identify the SABRS Files and corresponding INFOPAC reports for erroneous expenditure and collection transactions in accordance with the SABRS Users Manuals. (3451.02.08j)

(g) Without the aid references and given written questions, identify who is responsible for correcting liquidation errors in accordance with the MCO P7300.20. (3451.02.08k)

(h) Without the aid of references and given written questions, identify the purpose of the On-Line Prevalidation System in accordance with the DFAS On-Line Prevalidation of Payment to Unliquidated Obligations System (3451.02.08l)

OUTLINE

1. EXPENDITURES AND COLLECTIONS PROCESS:

a. To begin, let us define the terms, expenditure and collection. An expenditure, also called disbursement or liquidation, is the actual payment made to fulfill the government's obligation. For example, a traveler receives a disbursement when his travel claim is paid and electronic funds are posted to his account. A collection is the recoupment of funds for a payment made in error or the receiving of funds for services provided. For example, when a Marine reimburses the government for lost gear, this is called a collection. If a unit performs work or services for another unit and is entitled to a reimbursement for the funds expended, the unit requesting the work or service will make a disbursement of funds to the performing activity. The performing activity will receive the funds as a collection.

b. The expenditure and collection process is the official posting of liquidations or payments and/or collections to the official accounting system. The payment/collection records enter SABRS through interfaces from external computer systems that will be discussed later in this outline. The records are edited for accuracy and, if accurate, post to the Active-File records contained in SABRS. This is accomplished by using the SABRS Expenditures and Collections (SABRS/E&C) process. The SABRS E&C process receives all expenditures and or collections in the form of Interdepartmental Bills (IDBs) and Disbursement

Notification Records (DNRs). It edits the IDBs and DNRs and sends the valid IDBs and DNRs to the Active-File for posting.

c. Interdepartmental Bills (IDBs): Expenditures come in two classifications, one being Interdepartmental Bills (IDB's). IDB's are liquidations intended to match obligations made with MILSTRIP document numbers (14-character document number) for the procurements or purchases made through military supply sources (called system purchases) including the Defense Logistics Agency and the service stock funds. IDB's represent a transfer of funds between appropriations and IDB transactions never involve cash. For example, the FSSG SASSY Management Unit (SMU) orders an item from the Navy Stock Fund and an obligation is created in SABRS through system interface. After the items are shipped by the Navy Stock fund, the Navy Stock Fund systematically creates an Interdepartmental Bill. The IDB will reflect the actual payment, when posted, from the FSSG to the Navy Stock Fund for the items shipped. The stock fund's appropriation is credited (received funds for the purchased item) and the FSSG's appropriation is charged (paid out funds for the purchased item).

d. Disbursement Notification Record (DNR's): The second classification of an expenditure is a Disbursement Notification Record (DNR). DNR's represent the payment of funds for a government liability or the transfer of funds between appropriations. Local disbursing offices produce DNR's and these payments are made by electronic transfer (direct deposit), hard check, or sometimes cash. The purchases to which these payments relate are generally for the following:

(1) Any procurement made outside of military supply sources (i.e. open purchases). For example, a payment to the Sneads Ferry Camping Shop for the purchase of outdoor camping gear would represent a DNR.

(2) For transactions made using a Federal Acquisition Regulation (FAR) document (transactions requiring a 15-character standard document number, i.e., TAD, Contracts, Training, Printing). For example, DNR's would be produced to reflect payment for TAD settlement claims or payments to local vendors for services provided through contractual means.

(3) For MILSTRIP transactions resulting in cash expenditures (when you hear MILSTRIP, you need to automatically associate MILSTRIP with government purchase from a government source of supply). Sometimes, but not often, a payment may be

made to military supply sources by cash or check and this form of payment would also be considered a DNR.

2. EXPENDITURES AND COLLECTIONS SOURCES:

a. SABRS processes liquidation transactions received from two main system interfaces. Other expenditure/collection interfaces exist but the Kansas City Expenditures and Collections System (KC/E&C) and the Defense Automated Addressing System (DAAS) are the two main systems.

b. SABRS receives Disbursement Notification Records (DNRs) from the KC/E&C payment system. This is the system that disbursing or finance office's use to process payments. The data input by disbursing personnel is inducted into SABRS during each cycle.

c. DAAS is the external system by which SABRS receives Interdepartmental Billings (IDBs). As government sources of supply (i.e. stock funds) ship items to requisitioners, IDB's are electronically generated and inducted into SABRS via DAAS during each daily cycle.

3. CATEGORIZATION OF EXPENDITURE AND COLLECTION RECORDS:

a. When expenditure and collection records are initially received by SABRS, they are categorized by Register Numbers and systematically routed for processing. Expenditure Reconciliation Register Numbers are two-digit codes used to identify expenditures, collections, refunds and adjustments by type. Because of their frequency of use and overall importance to the total accounting cycle, you should learn the Register Numbers well enough to be able to look at an accounting source document and immediately relate the document to its proper Register Number.

b. Disbursement Notification Record (DNR) register numbers for expenditures, collections, refunds, and related adjustments are as follows.

Reg#	Description	Source Document Examples
05	Public Voucher	DD1155; SF1449; DD1351; SF1164; NC2277, SF 1034/1035
07	Civilian labor	Civilian payroll
13	Collections-funded	NC2277; SF1080

	reimbursements	
14	Collections- unfunded reimbursements	NC2277; SF1080
22	Gov't payments - cross disbursements (payments made by Army/Airforce)	SF1080
33	Collections classified as refunds	SF 1081, NC 2277
36	Adjustments	SF 1081, NC 621

c. Interdepartmental Billing (IDB) register numbers for expenditures, collections, refunds, and related adjustments are listed below:

Reg#	Description	Source Document Examples
06	Other Stock fund	Interdepartmental Billing Listing

4. EDITING OF EXPENDITURE AND COLLECTION RECORDS:

a. Each voucher is subsequently assigned a transaction serial number. This 10-character code consists of the 4-digit cycle number during which the DNR was inducted and a sequential serial number assigned by SABRS. SABRS then conducts a series of edit checks for each voucher.

b. The first step SABRS performs is the validation of the elements in the Line of Appropriation (LOA), specifically the Department Code and the Basic Symbol. SABRS verifies that the elements submitted on the expenditure/collection record are valid and match the data loaded on the SABRS tables. If the Department Code and the Basic Symbol are determined to be invalid, the voucher is rejected and forwarded to the DNR ERROR File, where it remains resident until corrective action is taken by DFAS Kansas City. Kansas City must conduct research and initiate corrective action. Either the data elements require correction or the voucher does not belong to the Marine Corps. If the Department Code and Basic Symbol are determined to be valid, the transaction continues through the SABRS edit process.

c. The second edit SABRS performs is the validation of the document number. If the document number is improperly constructed or an obligation does not reside on the Active-File, SABRS rejects the voucher and forwards it to the Unmatched File.

The voucher remains resident until action is taken to correct the document number error or post an obligation. If the document number is constructed correctly and an obligation resides in the Active-File, the liquidation will post and all affected SABRS files will be updated.

d. To properly post a liquidation and ensure that all SABRS files are updated, the following criteria must be met:

(1) An obligation with a matching document number and RIC/ACRN must already exist in SABRS.

(2) The obligation must be considered **Active**, meaning it can accept update transactions.

(3) The Line of Appropriation (LOA) against which the obligation was created must match the LOA against which the payment was made (as cited on the voucher).

e. The chart below summarizes the SABRS DNR process:

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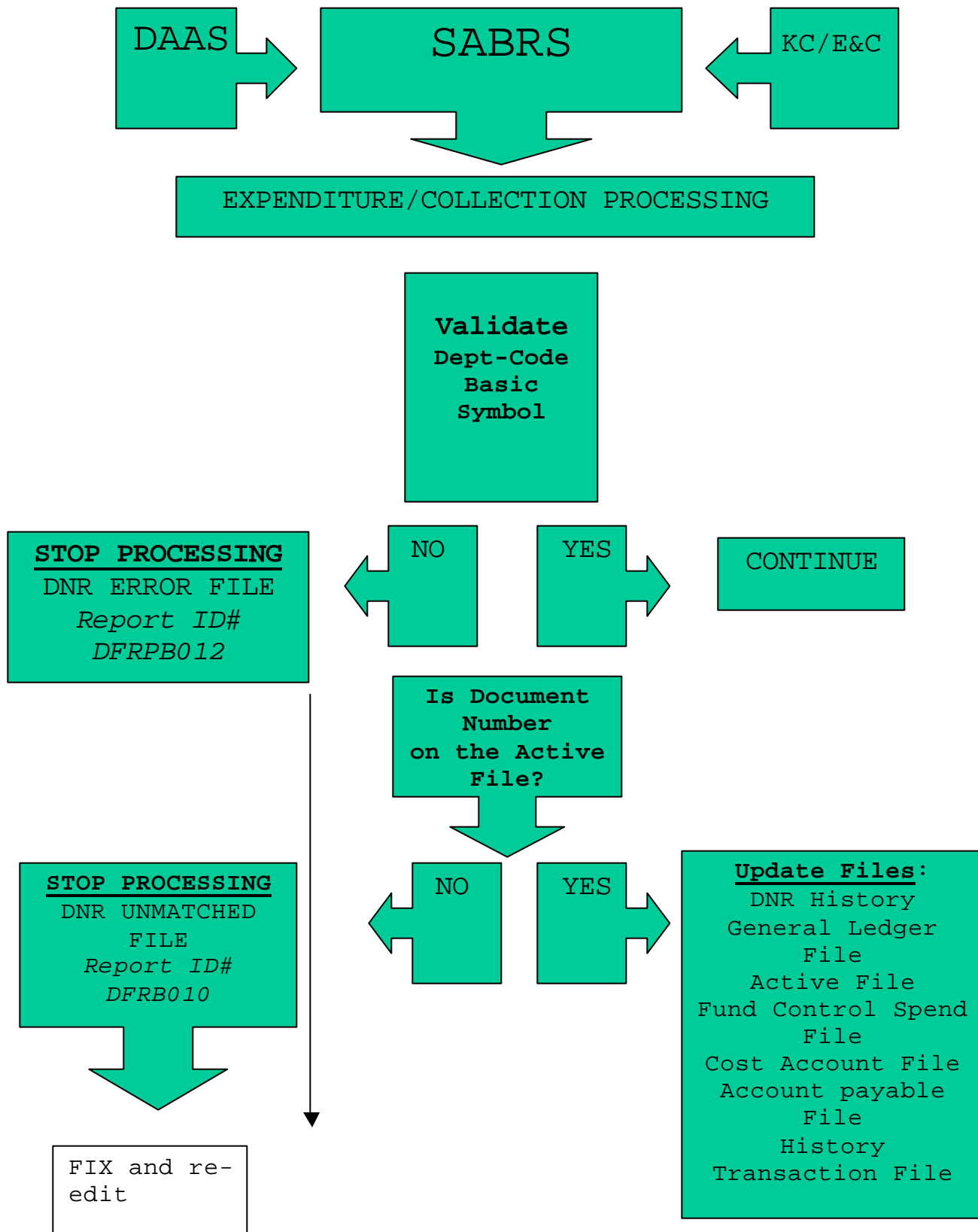


Figure 1 (DNRPROC.PPT)

5. CLASSIFYING REJECTED E&C RECORDS:

a. IDB/DNR ERROR FILES. Some E&C records are in error at the time they are received by SABRS. These errors relate to incorrect information in the Line of Appropriation. Such erroneous records are rejected by the accounting system and forwarded to the appropriate error file. Every attempt should be made to correct these unposted payments before the next SABRS cycle. After each SABRS cycle, summary reports are generated that identify the cumulative transactions that have been rejected by SABRS. Separate summary reports are generated for Interdepartmental Bills and Disbursement Notification Records: (See student handout #1)

DNR Error Report (INFOPAC Report ID DFRB012)

IDB Error Transaction Report (INFOPAC Report ID DFRB008)

b. Unmatched Disbursements Files. The Unmatched Disbursements file contains records that do not find a corresponding match in the Active-File. If a record is not fully processed by SABRS, it cannot be posted against valid data elements, and thus the Cost-Account-File is not affected. As with the error files, SABRS generates a report each cycle that document the cumulative transactions contained in the Unmatched Disbursement Files: (See student handout #1)

DNR Unmatched Report (INFOPAC Report ID DFRB010)

IDB Unmatched/Rejected Disbursements Report (INFOPAC Report ID DFBR009_

c. Why is it so important that disbursements held in the error files be corrected and processed immediately? The failure of vouchers to properly process can have a dramatic effect on the administration of authorized funding. In the case of Error File Disbursements, the fund balances reported to or by the U.S. Treasury are not accurate, because the General Ledger accounts have not been properly adjusted to report the expenditure of funds for a specific appropriation. Inaccurate balances can lead to an over-obligation of funds which, as previously discussed, is a violation of Public Law. In addition, failure to properly process vouchers and payments before the cancellation of an appropriation can lead to a loss of current-year funding. For example, if an activity has 1,000,000.00 dollars of undistributed vouchers residing in the error file and

the liquidations exceed the obligations by 200,000.00 dollars, the activity will spend up to their authorized funding amount not knowing they need an additional 200,000.00 dollars to cover the liquidations. The vouchers will post after correction, sending the activity into the red. The activity must increase the obligations to match the liquidation if the liquidation is valid. If you multiply this realistic scenario by the number of activities in the Marine Corps, you can see how undistributed vouchers have an important impact on the financial affairs of the Marine Corps.

d. In the case of Unmatched/Rejected Disbursements, an appropriation **as a whole** is generally protected from over-obligation because the General Ledger is updated to reflect an expenditure of funds. It is still possible, however, for a violation of Public Law to occur. This can happen if the Operating Budget Holder (OPBUD)/Allotment Recipient ID (ARI) or Suboperating Budget Holder (SUBOPBUD)/Sub-Allotment Recipient ID (SRI) to whom the payment is chargeable does not see a change in fund balances and thus remains open to over-obligation.

e. To ensure maximum accounting accuracy, it is critical that corrective action be taken and that controls be instituted to ensure that both the Error File and Unmatched/Rejected Files are continuously reviewed and corrections are made as expeditiously as possible. This reduces the potential for violations of Public Law. The goal of every activity is not to have any erroneous vouchers present in the Error Files.

6. CORRECTING PROBLEM DISBURSEMENTS IN ERROR:

a. DNR ERROR FILE:

(1) As previously discussed, DNRs enter the accounting system by automated interface. A series of edits are performed resulting in the identification of erroneous records. Those records are written to the DNR Error File.

(2) The Expenditure Error Processing Section and the Expenditure Validation Section at DFAS,KC are the responsible offices for the expenditure and collections process in SABRS. Every attempt will be made by the Defense Finance and Accounting Service to correct the DNR Error File records before the next accounting cycle. Corrections will be made on-line by accessing the SABRS Correction Process, option #4. From here, you will have access to various DNR correction screens with which to make your corrections (see SABRS Users Manual). Getting information

necessary to make corrections will often require obtaining a copy of the payment voucher and supporting documentation from the paying office.

(3) An analysis will be performed by the Defense Finance and Accounting Service, Accounting Operations Division to identify erroneous DNR trends. Recommendations will be initiated to prevent future occurrences. Correcting and preventing Error File records may involve updating accounting system tables, modifying programs or interaction with paying offices. Error File records that are the fault of the customer will be documented and corrective guidance issued by memorandum to the customer.

b. IDB Error File:

(1) IDBs are normally produced by the Defense Automated Addressing System (DAAS). They enter the accounting system by automated interface. A series of edits are performed, resulting in the identification of out-of-balance bills and erroneous transactions. The bills are written to the error file and show up on the IDB Error Report.

(2) Every attempt by the Defense Finance and Accounting Service will be made to correct the IDB's in error before the next accounting cycle. Corrections are made on-line by accessing the record in correction process option in SABRS (correct IDB Undistributed).

(3) Analysis will be performed to identify erroneous IDB trends. Recommendations will be initiated to prevent future occurrences. Correcting and preventing undistributed costs may involve updating accounting system tables, modifying procedures or interaction with offices preparing the initial requisitions. Erroneous IDB's that are determined to be the fault of the requisitioner will be documented, and corrective guidance issued by memorandum to the customer.

c. Disbursement Notification Record Correction Notices (NAVCOMPT 621):

(1) The NavCompt 621, or 621's as we call them, make changes DNR's citing an incorrect Department Code, Fiscal Year and/or Basic Symbol. Commonly, many of the DNR's failing the first edit check in SABRS require a 621-correction process. DFAS, Kansas City has the responsibility and access for the 621-correction process. Correction notices are prepared on-line by

accessing the record from SABRS. After each accounting cycle, the 621s are electronically transmitted to the Cash Accounting Division, DFAS, for reporting to the Treasury. The Cash Accounting Division will process the corrections. All of these corrections are registered under Register Number 36.

(2) A pending correction notice file will be maintained by the accounting cycle number. Upon receipt of the Reconciled Register 36 Report, correction notices will be removed from the pending file and placed in a completed file. Follow-ups will be issued if corrections are not received within 30 days.

d. Unmatched Disbursement Notification Records (DNRs):

(1) DNR records that pass the first edit in SABRS are then passed to the Active-File, searching for a matching obligation on record. Depending upon the Document Type Code, Disbursement Notification Records are matched to corresponding obligation transactions in SABRS by document number, Accounting Classification Reference Number (ACRN) and/or PIIN. Records that do not find a corresponding obligation/ ACRN combination are written to the Unmatched-File.

(2) Unmatched liquidations will be researched and posted to the corresponding obligation within 60 days by DFAS, KC. The primary causes of unmatched/rejected liquidations are erroneous document numbers, ACRNs, accounting classification data or the failure of the BEA/BESA to record the obligation in SABRS.

(3) Research techniques include reviewing payment vouchers, Active and History files, Unliquidated Orders Status Report and Outstanding Travel Orders/Advances Reports. Finding a matching obligation is possible by identifying familiar data contained on the voucher or SABRS reports and these leads will help you identify the discrepancy to DFAS-KC for correction.

(4) Document number/ACRN errors are corrected on-line by accessing the record in the SABRS Corrections Process where there are various options to entering the correct information (see SABRS Users manual).

(5) If no obligation can be identified, a memorandum will be forwarded to the customer. Copies of the payment voucher will be attached to the memorandum to assist the customer in identifying the responsible requisitioner. The memorandum will request an obligation be posted within 15 days of receipt. If research by a customer identifies an existing obligation,

notification will be made by e-mail referencing the original DNR document number, the correct document number and the payment voucher number.

e. Unmatched Interdepartmental Bill File (IDB). IDB's that are edited and do not find a corresponding match by document number are forwarded to the Unmatched File. Research techniques are similar to the DNR Unmatched process described above and every effort must be made to remove the transaction from the Unmatched File.

f. In an effort to reduce the vulnerability to a violation of public law and the amount of transactions residing on the error files, temporary obligations will be recorded in SABRS to post the erroneous liquidations that are considered "critical". A critical liquidation is defined as an error that has not been fixed and exceeds 180 days on the error report. The BEA/BESA will post a temporary obligation citing a designated Special Interest Code to identify these transactions. After the obligation and liquidation post, the BEA/BESA will research the transaction in error and make the necessary corrections by either locating the correct obligation or creating an official and legal obligation.

(1) If the BEA/BESA can not support the liquidation, the BEA/BESA must request a "discontinue research" to the Department of the Navy. If approved, the Navy will authorize the BEA/BESA to record an official obligation in SABRS and the BEA/BESA will have to absorb the liquidation. The authorization to post the obligation is required from the Navy Comptroller because each obligation in SABRS must be supported by official documentation. This letter satisfies that requirement.

(2) As you can see, the temporary obligation creates problems for the BEA/BESA. If an unliquidated obligation already exists in SABRS for the erroneous liquidation, then the temporary obligation doubles the obligation amount for that payment. The BEA/BESA has set aside, or obligated, twice the amount to cover the payment. This leads to less available funding for the BEA/BESA until the correct obligation can be found. Once the correct obligation is found, the BEA/BESA must realign the liquidation over to the correct obligation and cancel the temporary obligation record to revert the funds.

7. ON-LINE PREVALIDATION:

a. Erroneous and unmatched liquidations are receiving more attention from both the headquarters level and other outside government agencies due to their impact on balances and appropriations. DFAS has a system that is designed to prevent erroneous liquidations. This system is referred to as the On-Line Prevalidation system (OPV). This system allows the finance office to verify that an obligation exists in SABRS for the E&C record they are preparing to process. WCI/BEA's will access the OPV to identify liquidations are on hold or in "suspense" due to some error. The WCI/BEA must validate these E&C records in suspense promptly as time wasted interferes with the Prompt Payment Act and may cause late interest penalties. The Vendor Pay Section in DFAS can not process a liquidation unless an obligation exists in SABRS.

b. If the voucher in suspense has incorrect data such as an incorrect document number or ACRN, the WCI/BEA must research their records to determine the correct obligation record. Once the suspense payment is identified to a corresponding active obligation, DFAS must be notified with the correct data. DFAS will make the necessary corrections to the voucher and will process the liquidation. Once posted, the suspense payment will drop off the OPV listing.

c. If the payment in suspense is valid and no obligation exists in SABRS, the BEA/BESA must post an obligation immediately and notify DFAS. The Vendor Pay Section in DFAS will process the E&C record and, provided all other data is correct, the liquidation will post to the obligation record in SABRS and drop off the OPV listing.

REFERENCES:

1. DOD 7000.14 Financial Management Regulation
2. MCO P4200.15 USMC Purchasing Procedures Manual
3. MCO P7300.20 SABRS Financial Procedures Manual
4. SABRS Users Manual
5. DFAS OnLine Prevalidation of Payment to unliquidated Obligations Systems Manual 1995